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CORPORATION FILE

Kress S

KRESS CARRIES ON EXPANSION

WSJ 1-31-31

1931 Represented First Interruption in Earnings Uptrend in Seven Years

S. H. Kress & Co. during 1931 expects to continue its normal expansion through the opening of new stores and by enlargement and improvement of its older units. Last year nine stores were added to the company's chain, bringing the number on December 31, 1930, to 212. The average annual addition for the preceding five-year period amounted to 8.2 stores. In 1930, 11 units were enlarged and improved, compared with 19 in 1929, 16 in 1928 and 12 in 1927.

Reflecting the generally unsatisfactory business conditions that prevailed throughout the country during 1930, Kress, in common with other chain store organizations, experienced its poorest year in some time. The percentage of sales increase was the lowest since 1921, while profits showed the first decline since 1924.

Sales in 1930 amounted to $69,283,102, as compared with $68,474,993 in 1929. The gain of 1.18% was the ninth successive yearly increase and brought the annual volume to a figure that represented a gain of more than 100% in seven years.

After a slight decrease in 1921, sales started their upward trend in 1922, the total that year of $30,646,937, representing an increase of 6.01% over the previous year. Larger increases were reported during the following six years, so that a gain of 12.05% in 1928 advanced yearly sales to $65,054,637. Due to the business depression which set in during the latter part of 1929 and continued throughout 1930, the increase in the former year declined to 5.26% to be followed by a still further decline to 1.18% in 1930.

In the opening of new stores Kress has followed a conservative policy, and therefore had few unseasoned units to carry through the current depression. It is the experience of the chain store business that it ordinarily takes some time for a new store to establish itself to the point where it becomes profitable. Periods of business uncertainty and consequent declining public buying power naturally prolong the unprofitableness of a new unit.

In the past 10 years 67 additions have been made to the Kress chain, or an average of 6.7 units a year. In the past five years expansion has been stepped up with the addition of 46 units, as compared with 21 units in the preceding corresponding period.

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Average annual sales a store in 1930 declined to $326,807, compared with the peak of $337,315 in 1929, and represented the first decrease in thirteen years. While the average last year was $10,508 lower than in the preceding year, it was still the third highest figure in the company's history. Kress' average sales a store rank among the highest in the so-called 5 and 10 cent store field. In addition to reflecting the policy of the company of modernizing and enlarging its older stores, the average is swelled by the program of opening a good percentage of units of the larger type.

The following table gives number of stores at end of the year, sales, increase over preceding year and average sales and profits a store for the period 1916 to 1930, inclusive:

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Net profit in 1930, after preferred dividends, was equivalent to $4.46 a share on the outstanding 1,178,787 shares of no-par common stock. In the previous year net profit of $5,834,400 equaled $5.92 a share on 975,783 common shares.

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(over)

Sales-Profit Ratio Off 0.81%

Ratio of Kress' profits to sales in 1930 amounted to 7.71%, the lowest figure since 1921, when it was 4.35%. In 1929 the ratio was 8.52% and in 1928, 8.65%. The peak of 10.21% occurred in 1923, followed by a sharp decline to 7.80% in 1924.

The company continues to plow back the greater part of its earnings into the property. Last year cash dividends totaled $1,258,010, or 23.5%, of the year's earnings. In the previous year cash disbursements amounted to $1,033,126, or 17.7% of that year's profits.

In addition to the $1 annual cash dividend on the common stock in 1930, $1 was paid in the form of special preferred stock. This 6% cumulative special stock, redeemable at $11 a share, was authorized early in 1927 at the time of the recapitalization of the company, when it was announced that the issue would be distributed from time to time as the prosperity of the company justified.

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1929.....	5,834,400	8.52%	5.92	1,033,126
1928.....	5,627,701	8.65%	5.75	1,000,145
1927.....	5,089,036	8.77%	5.26	964,976
1926.....	4,672,952	9.01%	37.23	684,458
1925.....	4,158,521	9.05%	32.92	688,104
1924.....	3,143,934	7.80%	24.45	689,349
1923.....	3,472,901	10.21%	27.10	700,104
1922.....	3,088,640	10.08%	23.80	712,023
1921.....	1,258,141	4.35%	8.57	709,237
1920.....	960,855	3.31%	6.01	719,464
1919.....	2,075,826	8.22%	15.15	738,329
1918.....	1,158,716	5.47%	7.45	504,827
1917.....	1,465,460	8.31½	9.88	280,000
1916.....	1,354,092	8.98%	8.95	140,000

As of December 31, last, current assets of $15,154,257 were $1,326,501 below the figure of 1929. The major portion of the decrease was due to a shrinkage in cash of $1,437,561 to $3,753,469. Sundry debtors at $99,866 showed a decline of $95,402. Government securities holdings were augmented by $10,103, advancing to $43,653. Inventories, not including $1,700,000 of unpaid for merchandise in transit, were valued at $11,257,269, a gain of $196,360.

Current liabilities were $217,558 lower, amounting to $1,854,667, and consisted of accounts payable $280,089; accrued expenses and miscellaneous accounts payable, $824,578, and reserve for federal taxes, $750,000.

Working capital of $13,299,590 showed a decline of $1,108,943.

Capital Assets Increased

Loans to landlords and securities deposited on leases continued to advance, totaling $836,429 as compared with $798,008 in 1929. At the time of the first appearance of this item in the balance sheet in 1927, total was $439,637.

Deferred charges, consisting of prepaid rental expenses, taxes, insurance, etc., amounted to $814,657, an increase of $108,047 for the year.

The investment in 6,770 shares of Kress common stock and 67,180 shares of special preferred stock, purchased for resale to employes, was carried at the market valuation of $981,531.

Capital assets valued at $38,562,265 showed a gain of $19,387,533, attributable mainly to the acquisition of the John Franklin companies. Lands and buildings were appraised at $24,610,553 as compared with $6,390,048 in 1929. Furniture and fixtures at $6,671,306 less depreciation, and buildings and improvements on leased properties at $7,280,405 were up $680,092 and $486,937, respectively.

The large increase in the property account caused an advance of $18,853,699 in total assets to $56,349,140.

Mortgages payable showed no change during the year at $223,000.

Reserve for contingencies, amounting to $414,974 at the close of 1929, did not appear in the 1930 balance sheet.

Surplus at the close of 1930 amounted to $23,163,165, a gain of $2,959,864 representing what remained of the year's earnings after the payment of dividends.

The following table compares common and preferred cash dividend disbursements, current assets, current liabilities and working capital for the past four years:

	1930	1929	1928	1927
Com divs....	$1,175,959	$975,029	$971,196	$964,977
Pfd divs....	82,051	58,096	28,948	.....
Cur assets...	15,154,257	16,480,758	14,783,901	13,682,679
Cur liab....	1,854,667	2,072,225	1,856,888	1,901,433
Working cap	13,299,590	14,408,533	12,927,013	11,781,246

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Two members of the Kress family are the owners of 69.6% of the common stock and 69.3% of the preferred stock of the S. H. Kress Co. As of May 1, last, S. H. Kress, Chairman of the Board, owned 1,215,340 shares of Kress common, or 51.7% of the outstanding shares, and 354,860 shares, or 49.2% of the outstanding shares of 6% cumulative $10 par preferred stock. President C. W. Kress owned 420,834 shares, or 17.9% of the common stock and 144,839 shares, or 20.1% of the preferred stock. On December 31, last, the company had outstanding 2,357,574 shares of common stock and 911,976 shares of preferred stock. 7-15-37

For the year 1936 the remuneration of C. W. Kress as president of S. H. Kress Co. aggregated $40,000. W. L. Baker, a vice-president, received $45,000 and G. C. Esker, a director, received $40,000.

71 STORES OFFERED TO KRESS COMPANY

John Franklin Corporations Offer Leased Stores for $13,600,000 Stock

2/6/30 N.Y.C

S. H. Kress & Co., chain store operators, have been offered the seventy-one leased stores of the John Franklin Corporation of New York and a company of the same name in Texas in exchange for 206,700 shares of common stock of the Kress concern, with a current market value of $13,642,000, the board of directors of the latter organization informed stockholders yesterday. The deal will be submitted to the common stockholders for approval at a special meeting on February 28.

The properties owned by the John Franklin Corporation of New York and a company of the same name in Texas are valued at slightly more than $15,500,000 and comprise about 35 per cent of the stores operated by the Kress company.

The letter from the property owners, signed by S. H. Kress, president, says in part:

"In 1927, when we first discussed with you a proposal that the John Franklin Corporations should convey to your company all of their real properties, you caused an appraisal of the real properties owned by them to be made by the United States Mortgage & Trust Co. of New York city, now Chemical Bank & Trust Co., which appraisal amounted to $13,917,273; and you have recently been advised by the trust company that the total value of land so appraised has increased. Adding $1,585,178.86, the cost of new buildings and improvements to the amount of such appraisal, the total value of such properties is thus shown to be over $15,000,000.

"In making any offer of the conveyance of such properties of the John Franklin Corporations it is recognized that it is desirable that your company should not be required to engage in any financing and this offer has therefore been made a proposal to convey the properties in exchange for stock of your company out of its authorized but unissued stock."

S. H. Kress Co

S. H. Kress Report Shows Year's Net Profit $5,825,395

Company's Earnings Are Equal To $2.31 on Common After Preferred Dividends

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Current Assets Increased

Report of S. H. Kress & Co. (chain store operators) and subsidiaries for year ended December 31, 1936, certified by independent auditors, shows net profit of $5,825,395 after depreciation, amortization, interest, loss on sale of properties and federal income and undistributed profits taxes, equivalent after dividends paid on the 6% special preferred stock, to $2.31 a share on 2,351,826 no-par shares of common stock issued or reserved for exchange of old stock, excluding 5,748 shares held in company's treasury.

This compares with net profit in 1935, of $5,791,704, equal after preferred dividends paid and computed on present common share basis, to $2.32 a share.

Common stock was split two for one in May, 1936.

Current assets as of December 31, 1936, including $13,124,065 cash and United States Government Securities, at cost, amounted to $26,429,848 and current liabilities were $4,921,708 compared with cash and United States Government securities of $10,413,851, current assets of $24,111,386 and current liabilities of $2,019,709 at end of preceding year. Inventories amounted to $13,126,768 against $13,630,115.

Consolidated income account for year 1936 compares as follows:

	1936	1935	1934
Gross sales	$86,767,531	$78,479,130	.....
Costs and expenses	78,918,775	71,682,778	.....
Depr and amortz	2,097,713	1,921,297	.....
Operating profit	$5,751,043	$4,875,055	.....
Other income	1,641,689	1,862,385	.....
Total income	$7,392,732	$6,737,440	.....
Normal fedl inc tax	1,225,000	935,647	.....
Undistrib prof tax	100,000	.....	.....
Loss on sale of prop	208,181	.....	.....
Interest, etc.	7,156	10,089	.....
Net profit	$5,852,395	$5,791,704	$5,872,430
Pfd divs (cash)	414,893	344,707	276,500
Com divs (cash)	4,115,695	2,352,163	1,759,333
Surplus	$1,321,807	$3,094,834	$3,836,597
*Earned surplus	13,007,860	12,274,010	11,851,151

*After deduction of $587,956 stock dividend, paid in special 6% preferred stock on the common in 1936, $1,176,121 in 1935 and $1,170,915 in 1934.

Consolidated balance sheet of S. H. Kress & Co. and subsidiaries as of December 31, 1936, compares as follows:

Assets

	1936	1935	1934
*Ld, bldgs, fix, etc	$35,802,511	$35,538,476	$33,987,116
Leases prop improv	10,118,352	9,583,211	8,269,590
G'dwill, lease, etc.	1	1	1
†Inventories	13,126,768	13,630,115	11,934,276
Loans & advances	466,920	514,969	329,548
Govt secur, at cost	4,110,852	3,144,242	6,379,828
Sundry debtors	179,015	67,420	61,869
Cash	9,013,213	7,269,609	6,209,464
Govt sec dep in esc	25,070	25,070	833,353
Deferred charges	692,503	600,652	821,985
Total	$73,535,205	$70,373,765	$68,827,030

Liabilities

Cap stk and earned surp	‡$68,613,497	$67,299,056	$65,760,474
Pur money mtg pay	.....	55,000	201,500
Accts payable	1,514,997	322,481	198,810
Accr expenses, etc.	1,891,986	1,557,228	1,548,246
Fed tax reserve	1,514,725	1,140,000	1,118,000
Total	$73,535,205	$70,373,765	$68,827,030

*After depreciation. †Inventories of merchandise, including merchandise in transit at cost or market, whichever is lower. ‡Represented by 721,206 shares of capital 6% cumulative preferred stock, excluding 190,680 shares held in treasury and 2,351,826 no-par common shares, excluding 5,748 shares held in treasury.

Taxes paid equal 70% of the net profit for the year, the report stated. It is explained that these levies—local, state and Federal—amounted to $4,093,770, an average of $17,420 a store, as compared with $3,061,515, an average of $13,083 a store in 1935, an increase of 33.1% a store in one year.

S. H. Kress and Company

Possibility of Larger Dividend Yield Over Longer Term; Sells at Reasonable Level.

COMMON stock of S. H. Kress and Company is selling at a reasonable market to earnings relationship, around 40 and within one point of its 1930 low to date. Due to the fact that only a small dividend is paid in cash, the return at this level is without much attraction, being 2.5 per cent on the basis of $1 annually. For four consecutive years, however, the corporation has made special distributions amounting to an additional 50 cents a share in special preferred stock of $10 par value. Increased regular payments on the common stock are warranted by a strong financial position, and the upward trend of earnings over a period of the last several years suggests a further possibility of enhanced income from dividends and of market appreciation for the stock.

The sales record of the S. H. Kress organization for the eleven months of this year on which reports are available compares favorably with that of the chain stores as a group and with other units in a similar business. Sales fell below 1929 levels this year in point of dollar volume in five of the eleven months, including November when gross was $5,528,389 or 5.4 per cent under the total of $5,843,610 for November last year. For the entire eleven months a gain was recorded, gross amounting to $57,222,519 as against $56,214,949 in 1929, an increase of 1.8 per cent. This is in contrast with the total sales reported by a group of fifty representative chain store systems in this country, which showed a decline of 10.5 per cent in the dollar sales volume for November, with a decrease of 0.56 per cent for the eleven months period to November 30, last.

Although no interim reports of earnings of S. H. Kress and Company are made public, it has been estimated that 1930 full-year results of operation should closely approximate those of 1929 when net income was equivalent to $5.92 a common share after preferred dividends. On this basis current prices for the company's common stock are around seven times the earnings a share, and the proportion received by stockholders as dividends is less than 20 per cent.

Increase in Stock May Reduce Share Net.

A substantial increase in total net income for the year is expected, but the net earnings a share may be cut somewhat through the issuance of 203,004 additional shares in the acquisition of seventy-four parcels of real estate from the John Franklin Corporation. The purchase should be more than self-supporting, as seventy-one Kress stores are located on the acquired property and the saving in rents should be considerable.

S. H. Kress and Company operates five, ten and twenty-five-cent stores in the southern and southwestern sections of the United States and had 211 units in operation on October 15, last. This represents an increase of eight units for the 1930 year to date. The company opened its first New York City store in 1920, at 256 West 125th Street. Ten stores were added in all of 1929. The business was founded in 1896 in Memphis, Tenn., and incorporated in May, 1907. The present corporation was formed June 21, 1916, under New York laws.

Sales volume of the corporation has increased steadily for the last nine years and net income has expanded regularly since 1920 with the single exception of 1924 when a small drop was recorded. A large portion of the net income has been plowed back into the business consistently each year, the accretion to surplus being $4,300,000 in 1929 alone, with the result that expansion and improvements to properties have been effected without recourse to outside capital. One of the new developments thus brought about is the installation of cooling systems in a number of the stores during the yast year. It is indicated that further such installations will be made as conditions warrant.

Sound Financial Condition Indicated.

The 1929 sales of $68,474,993 were more than 150 per cent above the 1929 total of $25,244,131. A declining tendency has been noted in profit margins in recent years, but this is construed as a reflection in part of the trend for chain stores generally and the variety group in particular, since the Kress net compares favorably with the chain store group and total net and per share earnings have increased in every recent year. Net profit of $5,834,400 or $5.92 a common share last year compares with $5,627,702 or $5.76 a share in 1928, and with $5,089,037 or $5.26 a share in 1927.

The financial position of S. H. Kress and Company is sound, as indicated by the last consolidated balance, that of December 31, 1929. Total current assets at that date were $16,480,758, while current liabilities aggregated only $2,075,826, cash and marketable securities alone being in excess of $5,200,000. Total assets at the close of last year were $37,495,441, but subsequent additions have increased the total substantially inasmuch as the real estate acquired was stated to have a value of over $15,000,000.

The corporation's capitalization is free of funded debt, except for a mortgage of $223,000 outstanding at December 31, last, and consists of 1,178,787 no par common shares, together with about $1,500,000 of 6 per cent special preferred stock of $10 par value. The common stock is listed on the New York Stock Exchange and the preferred on the New York Curb. Book value of the common stock was just over $34.50 a share at the close of 1929.

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RESEARCH SERVICE CORPORATION

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1929	5,834,400	8.52%	5.92	1,033,126
1928	5,627,701	8.65%	5.75	1,000,145
1927	5,089,036	8.77%	5.26	964,976
1926	4,672,352	9.01%	37.23	684,458
1925	4,158,521	9.05%	32.92	688,104
1924	3,143,934	7.80%	24.45	689,349
1923	3,472,901	10.21%	27.10	700,104
1922	3,088,640	10.08%	23.80	712,028
1921	1,258,141	4.35%	8.57	709,237
1920	960,855	3.31%	6.01	719,464
1919	2,075,826	8.22%	15.15	738,329
1918	1,158,716	5.47%	7.45	504,827
1917	1,465,460	8.31½	9.88	280,000
1916	1,354,092	8.98%	8.95	140,000

As of December 31, last, current assets of $15,154,257 were $1,326,501 below the figure of 1929. The major portion of the decrease was due to a shrinkage in cash of $1,437,561 to $3,753,469. Sundry debtors at $99,866 showed a decline of $95,402. Government securities holdings were augmented by $10,103, advancing to $43,653. Inventories, not including $1,700,000 of unpaid for merchandise in transit, were valued at $11,257,269, a gain of $196,360.

Current liabilities were $217,558 lower, amounting to $1,854,667, and consisted of accounts payable $280,089; accrued expenses and miscellaneous accounts payable, $824,578, and reserve for federal taxes, $750,000.

Working capital of $13,299,590 showed a decline of $1,108,943.

Capital Assets Increased

Loans to landlords and securities deposited on leases continued to advance, totaling $836,429 as compared with $798,008 in 1929. At the time of the first appearance of this item in the balance sheet in 1927, total was $439,637.

Deferred charges, consisting of prepaid rental expenses, taxes, insurance, etc., amounted to $814,657, an increase of $108,047 for the year.

The investment in 6,770 shares of Kress common stock and 67,180 shares of special preferred stock, purchased for resale to employes, was carried at the market valuation of $981,531.

Capital assets valued at $38,562,265 showed a gain of $19,387,533, attributable mainly to the acquisition of the John Franklin companies. Lands and buildings were appraised at $24,610,553 as compared with $6,390,048 in 1929. Furniture and fixtures at $6,671,306 less depreciation, and buildings and improvements on leased properties at $7,280,405 were up $680,092 and $486,937, respectively.

The large increase in the property account caused an advance of $18,853,699 in total assets to $56,349,140.

Mortgages payable showed no change during the year at $223,000.

Reserve for contingencies, amounting to $414,974 at the close of 1929, did not appear in the 1930 balance sheet.

Surplus at the close of 1930 amounted to $23,163,165, a gain of $2,959,864 representing what remained of the year's earnings after the payment of dividends.

The following table compares common and preferred cash dividend disbursements, current assets, current liabilities and working capital for the past four years:

	1930	1929	1928	1927
Com divs.	$1,175,959	$975,029	$971,196	$964,977
Pfd divs.	82,051	58,096	28,948	.....
Cur assets	15,154,257	16,480,758	14,783,901	13,682,679
Cur liab.	1,854,667	2,072,225	1,856,888	1,901,433
Working cap	13,299,590	14,408,533	12,927,013	11,781,246

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Former '5 and 10' Now Selling Diamonds (Up to $99)

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The New York Times

Customers viewing the diamonds yesterday at the store on Fifth Avenue and 39th Street

The S. H. Kress & Co. store on Fifth Avenue, which once specialized in items costing a nickel and a dime, took on a new sparkle yesterday when it became the city's first variety store to sell diamonds.

The store, at Thirty-ninth Street, offered a wide selection of diamond and fourteen-karat gold rings, watches and pendants, ranging from $4.95 to $99 in price. Among the items selling for the top price were a diamond watch and a matched wedding band and engagement ring.

Variety stores introduced diamond departments last May when the S. S. Kresge Company test-marketed the sale of diamonds in twenty-two of its Michigan stores. The experiment proved a success and Kresge decided to add the departments to twenty-eight more stores by the end of this year. Kress and other chains have followed suit.

The Kress store on Fifth Avenue has given its sales personnel special training in selling diamonds. It keeps the jewelry in locked cases.

S. H. Kress Launching Major Expansion

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NSJ 9-28-59

S. H. Kress & Co. is launching a major expansion and modernization program involving larger stores, regional warehouses, stepped-up local advertising and widening of merchandise lines to include items "we've never touched before," a spokesman told The Wall Street Journal. In the month beginning October 22, the variety store chain will open four shopping center stores—two in the Los Angeles area, one in Brooklyn and one near Sarasota, Fla. These stores, the first in shopping centers for the 262-unit chain, will be followed in 1960 by 20 or 25 similar outlets. The pace of openings is expected to pick up in 1961, the spokesman said.

"The average unit will be twice as large as our current average store, and have a considerably higher proportion of sales area (compared with storage space) than we have now," he said. The first of the new stores, in Santa Ana, Calif., will have 26,150 square feet of floor space. The three to follow will range in size from 20,200 square feet in Brookyln, to 30,000 square feet in Westminister, Calif., and 40,000 square feet in Bradenton, Fla. All the new stores will be air-conditioned and modern in appearance. Shorter counters, with no clerks' aisles in the middle, will be used. The units, however, will operate with clerks instead of being self-service. "We'll also get away from the old red signs," the spokesman noted.

Most of the new stores will be in sections where Kress already has units—primarily in area extending from the Carolinas and Florida westward through Texas, Oklahoma and Kansas to California and up the West Coast to Seattle.

The company also plans to open four regional warehouses, each with 43,000 square feet of space, by December 15. These new structures, located in Tulsa, Houston, Los Angeles and San Francisco, will be in addition to a 74,000-square-foot warehouse opened at Augusta, Ga., last spring. The Augusta building includes 4,000 square feet of office space, compared with 3,000 square feet in the other four. "Each warehouse is a one-story affair and is mechanized wherever practical," the spokesman said. He added that "a large number" of stores will be within overnight trucking distance of one of the supply centers, while others will be only two days away. This is expected to facilitate faster inventory turnover in the stores, and cut down on their need to keep large stocks on hand.

Kress has no need currently of new long-term financing, the official said. The retailing chain arranged a $10 million bank loan agreement last February with four New York banks. The terms of this agreement call for a two-year revolving credit that converts in February, 1961, into five-year notes.

"We're moving heavily into home furnishings and soft goods, especially apparel that will be more highly styled and in ranges and lines we've never touched before," the official stated. He added, however, that "We won't give up traditionally variety store type merchandise and it, too, will be expanded somewhat."

Kress plans to close no stores this year, the spokesman said. Each outlet in the chain is being studied for possible renovation, either by installation of new fixtures and lighting or for major structural alterations where executives feel the location warrants such investment. "We still have faith in downtown locations," he said, "and we don't plan to abandon that part of the city."

The company also plans no further sales of real estate this year. In the first half, a gain of $1,679,834 before taxes on such sales was reported. Earnings for the half totaled $1,825,657, or 77 cents a share, compared with $1,022,387, or 43 cents a share last year. Sales rose to $67.5 million from 1958's $64 million.

The spokesman declined to make an estimate as to how earnings and sales for the fiscal year to end December 31 will stack up with 1958. Last year, Kress had net income of $4,818,223, or $2.03 a common share, on volume of $159.3 million.

Current management, which includes Paul L. Troast as chairman and George L. Cobb as president, took over operation of the company in mid-1958. In March, 1958, the former Kress president and two vice presidents resigned in a settlement that averted a proxy fight between the Kress company and the Samuel H. Kress Foundation, a large holder of Kress Co. common stock.

As a result of current boosts in advertising and the arrival of new merchandise in the stores, there should be a "better last three months this year than in 1958," according to the official. He said the new stores will not be open long enough to profoundly effect results this year, but that the combination of the four this year and the 20 or so in 1960 should have their "full, cumulative effect" in 1961. "That doesn't mean, of course, that there won't be any improvement before then," he added.

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Nickel Sales Add Up to Millions

Kress Stores Build Vast Art Collection

(This is the second of three articles on the contest for control of S. H. Kress & Company, which ended recently in a sudden victory for the Samuel H. Kress Foundation. The following article deals with the foundation's art collection.)

3/24/58

By Vartanig G. Vartan

Special Correspondent of The Christian Science Monitor

New York

The Fifth Avenue store of S. H. Kress & Co. held an eye-catching street display a few years ago at Christmastime. A discreet sign informed passers-by that inside the store reproductions of a Nativity scene by Titian were on sale for a nominal sum. In the window was the object that caught the eye: the original masterpiece, on loan to the store from the Kress Collection.

The Kress story, in a sense, is the story of nickel spools of thread paving the way to priceless Titian and El Greco canvases.

Foundation Controls Paintings

The director of the National Gallery of Art, where the cream of the Kress Collection is proudly displayed, once observed:

"It is fascinating to think that a vast chain of stores, built to sell practical things—spoons, shelf paper, thread—at low prices, has been the source of gifts of beauty which can never be valued at any price.

"But this great collection owes its origin to something beyond money: a conviction in the minds of two hardheaded men of affairs, Samuel H. Kress and Rush H. Kress, that works of art enrich and give meaning to human life."

Nine trustees today guide the Kress Foundation which, in turn, controls the fabulous array of paintings, sculpture, medals, plaquettes and small bronzes unmatched in the realm of private collectors.

The 2,000 paintings of the Kress Collection bear a conservative evaluation of $100,000,000, or at least double their acquisition cost. None of them are for sale, of course, and if they were the price they would fetch would have no precedent.

High Quality, Low Price

More than half of the Kress paintings deal with religious motifs. Its array of Florentine art, for example, is without equal in this country.

The National Gallery holds 110 rooms and in 40 of these are hung the works of the Kress Collection. In addition, a dozen smaller galleries have been established by the foundation in cities where the Kress chain operates stores.

The basic retailing concept of chain founder S. H. Kress was simple: "Make higher quality merchandise available to everyone at the lowest price possible."

Hand in hand goes the thinking behind the Kress Collection—show the people the great paintings and they will know life more fully.

Actually, the American public owns some of the Kress paintings, since many of the notable canvases have been donated to the National Gallery.

This gallery, fronted by stately columns of rose-white Tennessee marble, also bears the distinction of the world's largest fully air-conditioned art museum.

Stroll through the high, cool corridors of the National Gallery, where fountains play and ferns preen, and you see the wondrous objets d'art bought by selling enough items for nickels and dimes at Kress stores.

'Kress Collection'

As blue-uniformed guards walk past with the unchanging, studied indifference of museum policemen, the visitor's eye catches an 18-inch-high marble figure, "Angel With Hurdy Gurdy." The pedestal bears a tiny brass plate with the simple notation, "Kress Collection."

This is the discreet stamp appearing also on hundreds of Florentine paintings set in sculptured wooden frames.

A single room in the National Gallery contains eight works by Giovanni Bellini and three by Giorgione, those masters of the Venetian School centuries later collected by the brothers Kress.

One of the Kress Collection's rarest paintings is in the gallery —"Saint John the Evangelist on Patmos," done by Titian, a genius who was still painting mightily in his 100th year and a coworker with the Bellinis and Giorgione.

This painting, dominated by a swirling fore-shortened figure of a purple-robed Saint John, is placed on a ceiling in a specially designed room. (Titian himself was that rare artist who made a fortune.)

Once Owned by Kings

Some paintings in the Kress Collection once were owned by kings. Still visible on the back of a portrait of the Doge Gritti by Titian is the seal of Charles I of England. (In one room at the National Gallery are six Titians of the Kress group; in another room are a half-dozen Tintorettos set against rose damask walls.)

There is a "Madonna and Child" by Durer, "The Holy Family" by El Greco, a pair of portraits by Cranach the Elder. And for a shift in scope there are Fragonard scenes with dainty, breathless women adorning breathless, dainty foliage.

To paint these pieces by the masters today there come to the gallery students with palette in hand. They set their easels before the works of Rubens and Holbein and Goya, holding out their thumb to gain perspective, and apply paint to canvas.

And in so doing they pay homage to the countless spools of thread and kindred items sold at a five-and-dime store to make all this possible.

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Kress Fuss Veers to Climax

3/29/58

By Vartanig G. Vartan

Special Correspondent of The Christian Science Monitor

New York

One afternoon in mid-February a most unusual meeting took place in a board room furnished with restrained opulence in the Excelsior Savings Bank Building on Manhattan's 57th Street, a thoroughfare famed for its art and antique stores.

This room held the trustees of the Samuel H. Kress Foundation, custodian of the world's richest private collection of paintings. More to the point, the foundation also holds 42 per cent of the stock in S. H. Kress & Co., whose 261 stores sell buttons and bows, barber shears and bonbons, from Long Island to Hawaii.

Trustees Accused

Symbolizing the dichotomy of this hushed session was a rare German wood carving of the "Madonna and Christ Child." This masterpiece, four centuries old, rested on a gun-metal gray filing cabinet a few feet from the smooth gleaming board table around which sat the nine trustees.

Rush H. Kress, president of the foundation and chairman of the variety chain, read a two-page statement to the other trustees and then left the meeting. What he told them made headlines the next day.

He accused the trustees with plotting a proxy fight to take over control of the company. (In past years the trustees had simply handed their vote-controlling proxy to Mr. Kress who then cast it in favor of management. However, alarmed by a decline in both earnings and dividends by the Kress chain, the trustees recently expressed a desire to take a hand in directing the destiny of the company in the hopes of improving its business.)

The trustees — all of them named to their posts at the foundation by Mr. Kress — include such famous financial figures as Keith Funston, president of the New York Stock Exchange, and Frank Folsom, chairman of the executive committee of Radio Corporation of America. Another was Harold Helm, chairman of the Chemical Corn Exchange Bank, fifth biggest in the country.

Resignation Asked

Any time a business executive accuses the president of the "Big Board" and the head officer of a major bank with masterminding a proxy battle, as Mr. Kress did, *that* is news.

Mr. Kress asked for the resignation of all trustees refusing to recognize the concept of noninterference with the chain's management. The action proposed by the other trustees, he said, also would endanger the tax-exempt status of the foundation, set up in 1929 by his brother, Samuel H. Kress. Mr. Kress, now 80 years old, is one of three brothers who built the Kress chain into a business empire with $122,000,000 in assets. The Kress collection of art is the flower of their efforts.

This crucial session set the stage for a proxy contest at the May 13 annual meeting of Kress Company stockholders. Only one of the trustees took Mr. Kress' suggestion and resigned. This was Mr. Helm, who noted that a question of "conflict of interest" had been raised, inasmuch as he also is a director of F. W. Woolworth Company, the biggest five-and-dime competitor of Kress.

Stand Reversed

Both sides hired lawyers and filled out forms to satisfy the proxy fight rules set down by the Securities and Exchange Commission—that umpire in any battle for corporate control.

Scarcely four weeks later this strange contest had come full circle. In a most unusual move, Mr. Kress reversed his former demand that the trustees resign and described them "as my closest and most loyal friends in the world."

"I now realize," he told the trustees, "that you have no possible motive for doing anything which would be against my interest or that of the foundation or of the company."

The showdown meeting that spelled the end of the contest, however, took place not in the plush offices of the foundation (which rents an entire floor in the 57th Street bank building) but in the turn-of-the-century loft structure serving as the Kress chain's headquarters on lower Fifth Avenue. It is a plain and almost forlorn building.

Management Resigned

In contrast to the Veronese and Chardin paintings that may hang in ever-changing splendor in the foundation offices, the variety chain decorates its walls with black-and-white photographs taken 20 years ago of the Kress store in Anniston, Ala.

Present at the mid-March meeting were Mr. Kress and the other six directors of the chain. They met in a plain room, and before the five-hour session was over, the president and two vice-presidents—refusing to give in to management control by the foundation trustees—resigned from the company.

This meant that the foundation had won its fight. It immediately named its directors to the Kress board, which gave it control. For the first time in history, a foundation had assumed the directing hand in the corporation which sired it.

The Kress stockholders—there are 12,000 in all—will meet in May but there will be no proxy fight. At last year's annual meeting there occurred fireworks of another sort. Shareholders demanded angrily why the top officials of the company failed to attend the meeting. Explained the vice-president who presided: "We've always done it this way." However, stockholders going to this year's meeting can rest assured of changes in the way the session is conducted.

Sales-Profit Problem

The most immediate problem facing the new management group is the lagging sales and profits of the chain that started out in 1896 with a store in Memphis that sold a cup-and-saucer set for a nickel. Today, Kress gets as much as $69.95 for a power mower, but business isn't booming.

Kress was the only chain among the six largest variety store companies to show a drop in sales last year. Its volume dipped 5 per cent to touch $158,000,000. Earnings fell to $7,000,000 from the previous year's $8,000,000.

If the new management team succeeds in boosting earnings, perhaps it can restore the dividend slash in 1956 when the annual rate was reduced from three dollars a share to two dollars.

This is important to the foundation, which owns nearly 1,000,000 Kress shares. It's simple arithmetic; the dividend cut reduced the foundation's income by $1,000,000 a year.

The foundation uses its funds to foster appreciation in art and other fields. The dramatic switch at Kress means a new era. Where it leads, only the cash register will show.

College Ties Wave In Kress Contest

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This is the last of three articles on the proxy fight that formed over the destinies of the S. H. Kress & Co.'s far-flung five-and-dime empire. It touches on some of the college ties of the participants in a business battle.

3/22/58

By Vartanig G. Vartan
Special Correspondent of The Christian Science Monitor

New York

One of the rare features of the struggle for S. H. Kress & Co. was the profusion of participants whose names are prominent on college campuses. The college ties strung from Bucknell to Trinity, from Harvard to Princeton.

Proxy fights will come and proxy fights will go, but never will one sound so magna cum laude.

The man entrusted with the day-to-day task of running the Samuel H. Kress Foundation is Herbert L. Spencer, its executive vice-president. Before he signed a 10-year contract in 1949 to come to the foundation, Dr. Spencer served as the president of Bucknell University.

Rush H. Kress, president of the foundation and chairman of the variety store chain, is a member of Bucknell's Class of 1900. Mr. Kress is an honorary trustee of Bucknell (as well as a trustee, along with the Chief Justice of the United States, of the National Gallery of Art where hang many of the priceless paintings of the Kress collection).

A Bucknell trustee is one of the four foundation-backed directors named last week to the Kress Company board. He is Paul L. Troast, who once ran unsuccessfully as the Republican candidate for Governor of New Jersey and now runs a construction firm.

Ousted by the foundation coup was another Bucknell trustee, Orwill V. W. Hawkins. Along with two other top Kress officials, Mr. Hawkins resigned in protest to the foundation's new voice in the Kress management. A member of Bucknell's class of 1913, he served as vice-president, secretary and director of the Kress chain, and also was vice-president and counsel for the foundation. A lawyer by training, he presided over last year's annual meeting of the Kress Company.

Along with Dr. Spencer, another college ex-president had filed 14B forms with the Securities and Exchange Commission with the notation: "My proposed activities as a participant cannot at this time be determined, except that I may solicit proxies on behalf of the foundation for election of all its nominees." The author of this statement, required of all potential proxy fight participants, was Keith Funston, president of the New York Stock Exchange.

Before he accepted the presidency of the Big Board at $100,000 a year in 1951, Mr. Funston was president of Trinity College. At Trinity as an undergraduate he had been class valedictorian and after leaving his alma mater he worked his way through the Harvard Graduate School of Business Administration.

The dean of this same Harvard school—Stanley F. Teele—is one of the four new Kress directors, along with Mr. Troast. Dr. Teele is also a trustee of a Newton, Mass., savings bank and a Boston-based mutual fund. It marks perhaps the first time that the dean of a major business school prepared to take part in a proxy fight.

When Mr. Kress in mid-February asked certain trustees to resign from the Kress Foundation (and thus precipitated the now-resolved conflict), only one man stepped down from his post. He was Harold H. Helm, chairman of the Chemical Corn Exchange Bank, an institution that one century ago earned the nickname of "Old Bullion" because it was the only New York bank that did not suspend specie payments during the panic of 1857.

Mr. Helm resigned rather than provoke a possible "conflict of interest," since he also serves as a director of F. W. Woolworth Company, mightiest competitor of the Kress chain.

When Princeton University disclosed the name of its new president in December, 1956, the man who made the announcement was Mr. Helm, chairman of the executive committee of Princeton's board of trustees. The man who got the job was Dr. Robert F. Goheen, '37, an assistant professor in the classics department. As the youngest Princeton president since 1761, Dr. Goheen stepped into the academic shoes of Dr. Harold W. Dodds.

A surprise awaited Dr. Dodds at the 1957 commencement exercises. He received an honorary Doctor of Laws degree. The man who presented the degree was Mr. Helm.

Wall Street associates remember Mr. Helm for other reasons. They recall that he joined the Chemical bank in 1920, the year he graduated from Old Nassau, and entered the credit department.

In his early banking days Mr. Helm never returned from a business trip without at least one new account. And on Wall Street this is the sort of performance that makes a man a success.

S. H. Kress Expects To Open 20 to 25 Stores Each Year After 1959

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WSJ 5-20-59

NEW YORK—S. H. Kress & Co. plans to open 20 to 25 new stores in 1960 and each year thereafter, Paul L. Troast, chairman, said at the annual meeting. Mr. Troast said there are 19 "available" locations in shopping centers for new Kress outlets this year.

The big variety store chain, which underwent major management changes last summer, had sales in the three months ended April 30 10% ahead of the like period of 1958, Mr. Troast said. "We expect a better over-all year in '59," he added. Noting the company's practice of reporting only semiannually and annually, he declined to discuss first quarter profits.

As previously reported, Kress earned $4,818,223, or $2.03 a share, on volume of $159,357,226 last year. Earnings were down from $7,130,343, or $3 a share, while sales rose from $158,570,785.

Kress expansion, to be centered in shopping centers, will involve special emphasis on quality items in soft goods and home furnishings, the chairman said.

The chain, which had 262 stores in operation at January 31, has a new system of warehousing designed to produce "more profitable inventory turnover," and is experimenting with credit systems in about 60 stores, the 100 shareholders at the meeting were told. George L. Cobb, president, said after the meeting that a coupon credit plan appears to be the method best suited ot the company's operations.

Capital expenditures in the current year are expected to be about $10 million, "approximately the same" as last year, Mr. Troast stated. He said about $4,500,000 would be spent for renovation of existing stores and the rest for fixtures and inventories in new units.

Concerning existing stores, Mr. Troast said about 56% are owned by Kress. "We recognize" this percentage is probably higher than the average for the variety store industry, Mr. Troast said. He said the company may well some of its undeveloped real estate.

During the question and answer period, stockholder Morton M. Adler, said the new management had so far done a job "perhaps not as good as we hoped for but much better than we had a right to expect."

S. H. Kress Officers, Foundation Open Proxy Fight for Control

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Foundation Reportedly Will Nominate Four for Seven-Man Board; Both Groups File With SEC

2/27/58

By a WALL STREET JOURNAL *Staff Reporter*

NEW YORK—The proxy fight for control of S. H. Kress & Co. is officially on.

Herbert L. Spencer, executive vice president of the Samuel H. Kress Foundation, which owns about 42% of the Kress company's stock, formally notified the Securities and Exchange Commission that the foundation intends to solicit proxies for the Kress annual meeting scheduled for May 13.

Officiers of the Kress variety store chain also filed 14-B forms with the S.E.C. stating the company's directors voted January 7 to solicit proxies for the first time in Kress' history.

Mr. Spencer, former president of Bucknell University, said that on January 22 the Kress Foundation voted to solicit proxies for the election of a slate of directors "Consisting persons whom the foundation would nominate."

"My proposed activities as a participant cannot at this time be determined, except that I may solicit proxies on behalf of the Foundation for election of all its nominees as directors," Mr. Spencer said in his statement.

The Foundation's slate of directors was not listed, but, the trustees reportedly want to include these four men in Kress' seven-man board: Frank M. Folsom, a Foundation trustee and chairman of the executive committee of Radio Corp. of America; Paul L. Troast, also a trustee and a Clifton, N.J., contractor; Stanley C. Hope, president of Esso Standard Oil Co., marketing affiliate of Standard Oil Co. (New Jersey), and Dr. Stanley F. Teele, dean of the Harvard Graduate School of Business Administration.

The trustee's slate would leave on the company's board Rush H. Kress, Kress company chairman and president of the Kress Foundation; G. G. Trammell, Kress company president, and C. M. Funk, Kress company vice president and treasurer.

In his statement, Mr. Spencer said the Kress Foundations owns 995,064 of the Kress company's 2,381,734 outstanding shares. He listed personal holdings of 500 shares.

Kress company officials who registered with the S.E.C. and their individual holdings include: Mr. Kress, 105,972 shares owned beneficially plus another 25,020 shares owned of record but not beneficially; Mr. Trammell, 6,000 shares; Mr. Funk, 1,577 shares; W. B. Sutherland, a Kress vice president, 1,726 shares; C. L. Abry, Kress vice president and a Foundation trustee who supported Mr. Kress, 800 shares; and O. V. W. Hawkins, Kress vice president and secretary, 300 shares owned beneficially, plus 7,750 shares of record but not owned beneficially.

Mr. Kress charged on February 14 that certain trustees of the Foundation were undertaking a proxy fight for control of the Kress store chain, but trustees have withheld any comment on Mr. Kress' statements to avoid a possible conflict with the S.E.C. proxy regulations.

The foundation trustees still have not said anything about their reasons for wanting to solicit proxies. However, the first hint that such a move might be coming came last October, when the trustees reportedly passed a resolution to authorize a majority of the trustees to determine how to vote the foundation's stock at the annual meeting. Actually, the trustees have always had that power, but in the past they had authorized Mr. Kress to vote the foundation's stock.

The reported October action came only a month after the Kress company directors had voted to cut the quarterly dividend to 50 cents a share from the previous 75 cents. The company has explained that it wants to keep away from any long-term debt in a store modernization program.

Kress' sales for the 12 months ended last December 31 were $158,570,785, off 5.4% from the $167,635,545 volume posted in 1956. Profits for the full year haven't yet been announced, but in the first six months of 1957 Kress earnings were off to 81 cents a share from 97 cents in the 1956 first half.

FOUNDATION WINS IN KRESS BATTLE

4 Company Directors Quit and Are Replaced by 2 Trustees, 2 Outsiders

PROXY FIGHT AVERTED

Compromise Ends Dispute —Acting President Is Named by the Chain

NYT 3/12/58

The fight for control of S. H. Kress & Co., big variety store chain, ended in a compromise yesterday that was actually a victory for the Samuel H. Kress Foundation.

The foundation, which owns about 42 per cent of the common stock of the Kress company decided late in February to solicit proxies for the annual meeting to protect its investment in the company. It was understood that the foundation had been dissatisfied with management policies.

At a morning meeting of the seven-man Kress board yesterday, four directors resigned and were replaced by two trustees of the foundation and two outsiders nominated by the foundation. Thus, the Kress Foundation's fight against the management of the company was won two months before the annual stockholders meeting.

The directors who resigned yesterday were :C. G. Trammell, president; C. M. Funk, vice president and treasurer; O. V. W. Hawkins, vice president and secretary, and Herbert L. Spencer, executive vice president of the foundation.

New Directors Listed

The new directors are: Frank Folsom, chairman of the executive committee of the Radio Corporation of America; Paul L. Troast, president of the Mahoney-Troast Construction Company; Stanley C. Hope, president of the Esso Standard Oil Company; and Stanley F. Teele, dean of the Harvard Graduate School of Business Administration. Mr. Folsom and Mr. Troast are trustees of the Kress Foundation. Mr. Hope and Mr. Teele have had no previous connection with either the company or the foundation.

In a statement yesterday, Rush H. Kress, 80-year-old chairman of the company and head of the foundation, said that the resignations of the three company officers, Messrs. Trammell, Funk and Hawkins, at no time had been suggested by the foundation.

He expressed appreciation for their long association with him and service to the Kress company Their posts have not yet been filled, except that W. B. Sutherland, a company vice president, has been made acting president until the election of a successor to Mr. Trammell.

The attorneys who had instituted a suit on behalf of Mr. Kress and Charles L. Abry, company vice president and directo and a trustee of the foundation, against the other trustees have been instructed to discontinue the action, Mr. Kress said.

The new board was worked out last Friday following a meeting of the trustees of the foundation. Mr. Kress referred during that meeting to the Feb. 14 meeting of the foundation, when he had charged the other trustees with "attacking and criticizing" company policies and suggested that they resign. He declared that he now wished to withdraw that suggestion.

Mr. Kress explained that information that subsequently had come to his attention had made it clear to him that his suggestion was unjustified.

Kress' Statement

Mr. Kress released the following text of a statement he made to the trustees last Friday:

"I want to state that I regard you gentlemen here present, who are members of the board of trustees of my brother's foundation, as my closest and most loyal friends in the world. Many of you I have known for twenty years or more and all of you are on the board at my personal invitation. I now realize that you have no possible motive for doing anything which would be against my interest or that of the foundation or of the company."

In another statement, Mr. Spencer said that the foundation was "highly gratified" that its purpose of obtaining a board of directors for Kress, the majority of which would be independent of management, had been accomplished without a proxy contest.

SAMUEL H. KRESS, MERCHANT, DEAD

Founder of Department Store Chain, 92, Had Collections of Paintings and Sculpture

DONATED TO MUSEUMS

CLEVELAND CHIEF LIBRARY
BUSINESS DEPT.
CORPORATION FILE

Set Up Foundation in 1929 to Promote Welfare and Progress of Humanity

1939

Samuel H. Kress

Samuel Henry Kress, founder and chairman of S. H. Kress & Co., who was one of the nation's outstanding art collectors, died early yesterday at the age of 92 in his home at 1020 Fifth Avenue. He had been in poor health for a decade.

From profits made on 5-10 and 25-cent sales, Mr. Kress amassed a fortune and spent a largge part of it buying art treasures from abroad. He bestowed many of his collections on American museums.

He came of old American stock , a descendant of Carl Kress, who emigrated from Germany in 1752 to settle in Pennsylvania. He was the son of John Franklin Kress, Civil War veteran, and Margaret Connor Kress. Mr. Kress was born in Cherryville, Northampton County, Pa., July 23, 1863, three weeks after his namesake uncle had been killed at Gettysburg.

After completing high school, which he combined with odd jobs, selling papers, clerking and working in quarries, Mr. Kress began teaching at $25 a month. At 24 he bought a stationery and novelty store in Nanticoke, Pa., and a little later a wholesale stationery and toy business at Wilkes-Barre.

His next move was to develop the chain-store idea, starting in Memphis, Tenn., in 1896. Within four years Mr. Kress had twelve stores, and moved his headquarters to New York.

Acquired 5th Avenue Store

The organization established and led by Mr. Kress now operates 264 stores in twenty-nine states and Hawaii and employs more than 22,000 persons. Sales last year amounted to $169,416,847.

Among Mr. Kress' associates were his brothers, Claude W. Kress, who died in 1940, and Rush H. Kress.

In 1934 he acquired a long-term lease on property at the corner of Fifth Avenue and Thirty-ninth Street, once the home of the Wendel sisters, for a Fifth Avenue outlet. It was in this store's window that Mr. Kress exhibited in the Christmas season of 1938 a painting titled "Adoration of the Shepherds," attributed to Giorgione.

This was only one of hundreds of paintings that Mr. Kress had bought on his many trips abroad, or as they appeared on the market here, from the collections of other wealthy art patrons. The painting had been offered to Andrew Mellon by Lord Duveen for $750,000.

Mr. Kress specialized in the works of the Italian masters, many of which adorned his duplex apartment on the top of a cooperative building.

In the summer of 1939, Mr. Kress donated a collection to the National Gallery of Art, then being built in Washington as Mr. Mellon's gift to the nation. The collection contained 375 rare sculpture, from practically all the important painters of Italian schools from the thirteenth to eighteenth centuries. Lord Duveen, who had sold some of the pieces to Mr. Kress, valued the collection at $25,000,000.

Gifts Aided National Gallery

Critics said Mr. Kress' donations, which totaled more than 600 paintings and sculptures, brought the gallery nearly to a par with the great galleries of Europe. Mr. Kress also gave Italian Renaissance paintings valued at more than $1,000,000 to the Philadelphia Museum of Art. Earlier, he had given to the Metropolitan Museum of Art a collection of antique velvets and other works of art.

Some of his gifts were made through the Kress Foundation, which he founded in 1929 "to promote the moral, physical and mental welfare and progress of the human race." One donation was of $8,000,000 to the New York University-Bellevue Hospital Medical Center for postgraduate medical education.

In the last five years, through the foundation, Mr. Kress set up collections of art works at Tuscon, Ariz.; Birmingham, Ala.; Portland, Ore.; Seattle; Kansas City, Mo.; New Orleans, Tulsa, Okla.; Houston, Tex.; Columbia, S. C.; Denver, San Francisco and Honolulu.

In 1929 he gave Premier Benito Mussolini of Italy a check to pay for the restoration of crumbling architectural treasures. Among these were the palace at Mantua, the Church of St. John the Evangelist at Ravenna, and the single Doric column, remnant of a temple in Cotrone, a Calabrian town dating to the sixth century B. C. Italy made him Grand Officer of the Order of the Crown.

Between 1927 and 1946 Mr. Kress and the Kress Foundation gave the Metropolitan Museum of Art nine paintings, a number of textiles and an ancient Persian court carpet.

Paintings given in 1927 were "Crucifixion," by an unnamed artist of the Florentine school in the second half of the fourteenth century; "Peacocks," by Melchior d'Hondecoeter, Dutch school (1636-1695); and "Madonna and Child," by Guido Palmerucci, Italian (active 1315-1349). "Madonna and Child," by Luca di Tomme, Italian (active 1356-1389), was given in 1928.

A painting given in 1932 was "Crucifixion," by an unnamed artist of the Italo-Byzantine school, sixteenth century.

In 1936 the museum received from Mr. Kress "The Meeting" by Pietro Longhi. In 1942, he donated the Velazquez painting "Cardinal Gaspar de Borja y Velasco."

Mr. Kress donated twenty-six Italian textiles of the fifteenth to seventeenth centuries, including many velvets, in 1946. A 1937 gift by the foundation was the triptych, "Madonna and Child, St. Philip, St. Agnes," painted by the Italian Bernardo di Giovanni Bragadin (active 1438-1473). The same year the foundation gave "St. Peter Martyr, healing the leg of a youth," by Antonio Vivarini Italian (active 1441-1464).

In 1946 the Anhalt Carpet, a sixteenth century Persion medallion and Arabesque court carpet was given by the foundation.

Mr. Kress was elected a benefactor of the museum in 1928. At his death he was its oldest trustee.

Trustee of Metropolitan

Mr. Kress was a bachelor. He was president and a trustee of the National Gallery of Art, and a trustee of the Metropolitan Museum of Art and the Georgia Warm Springs Foundation. He was a member of the Military Order, Loyal Legion of the United States, Sons of the Revolution, Sons of the American Revolution and the Masons.

A funeral service will be held Saturday morning. Burial will be in Woodlawn Cemetery, the Bronx.

Earl Warren, Chief Justice of the United States, as chairman of the board of trustees of the National Gallery of Art, issued the following statement yesterday on learning of the death of Mr. Kress:

"The National Gallery of Art has suffered a great loss in the death of its president, Mr. Samuel H. Kress. He gave his important collection of paintings and sculptures to the Gallery before the institution was just opened in 1941.

"Since that time Mr. Kress and the Kress Foundation under the devoted leadership of his brother, Rush H. Kress, have added many beautiful and rare works of art which have greatly increased the prestige of the National Gallery throughout the world and have provided enjoyment for millions of Americans. All of us have reason to be grateful for what Mr. Kress accomplished for his country and its people."

4 Directors of S. H. Kress Resign Jobs

CLEVELAND PUBLIC
BUSINESS DEPT.
CORPORATION FILE

NEW YORK, March 11 (AP)—Four directors of S. H. Kress & Co. resigned today and were immediately replaced.

A statement from the company said the development was expected to avert a proxy fight for control of the big retail store chain, which had been threatened by members of the board of trustees of the Samuel H. Kress Foundation.

Resigning as directors were C. G. Trammell, president; C. M. Funk, vice president and treasurer; O. V. W. Hawkins, vice president and secretary, and H. L. Spencer, who is executive vice president and trustee of the foundation. Trammell, Funk and Hawkins also resigned their posts with the company.

Two of the new directors also were members of the critical trustees group—Frank Folsom, chairman of the executive committee of Radio Corp. of America, and Paul L. Troast, president of Mahoney - Troast Construction Co. and former chairman of the New Jersey Turnpike Authority.

Other new directors are Stanley C. Hope, president of Esso Standard Oil Co., and Sttanley F. Teele, dean of the Harvard Graduate School of Business Administration. Hope and Teele had filed papers for a proxy fight with the Securities and Exchange Commission as trustee nominees for the company board of directors.

Election of Folsom, Troast, Hope and Teele was an apparent victory for the foundation since it gives that group four of the company's seven directors.

The twin steps followed by one day the company's report of 1957 operations which showed a decline in sales and earnings. Trustees were critical of the company management ever since the dividend was cut to $2 annually from $3. Company dividends are the principal source of income for the foundation which controls 42% of the company's outstanding stock.

A company statement said, however, that composition of the new board of directors was worked out Friday after a meeting of foundation trustees. Rush H. Kress, chairman of the company board of directors and president of the foundation trustees, at that meeting withdrew his suggestion of Feb. 14 that foundation trustees resign or stop interfering with the company management.

Kress, W. B. Sutherland, a vice president of the company; and C. L. Abry, also a vice president, continue as directors of the company. Kress said that Sutherland had been designated acting president.

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